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RUEHCV/AMEMBASSY CARACAS 3966
RUEHGE/AMEMBASSY GEORGETOWN 0840
RUEHPE/AMEMBASSY LIMA 4278
RUEHMD/AMEMBASSY MADRID 4241
RUEHMN/AMEMBASSY MONTEVIDEO 5788
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SUBJECT: BOLIVIA: INTERNATIONAL OBSERVERS RATE DIALOGUE

Classified By: ADCM Mike Hammer for reasons 1.4 b,d

¶1. (C) Summary: Opposition prefects and civic leaders are meeting in Cochabamba with representatives of the central government in an attempt to negotiate an agreement that would avoid further violence after clashes have left many dead. Outside observers including the EU, religious organizations, and the Friends of Bolivia group will reportedly be joined by observers from UNASUR, an OAS team headed by Jose Miguel Insulza, and Brazil's permanent representative in Geneva Ambassador Luiz Felipe de Macedo Soares. The talks are complicated by additional demands being brought to the table (full capital status for Sucre, land holding size, municipal autonomy) that were not included in the "pre-negotiation agreement" signed by opposition Tarija Prefect Mario Cossio and two Vice Ministers. Despite the positive impact of international observers, our contacts suggest that the deep distrust each side has for the other may still bring negotiations to an early and unproductive end. End summary.

British View Some Hope In One Day's Progress

¶2. (C) The British Ambassador is currently in Cochabamba as one of the international observers. British DCM Steve Townsend reports that the dialogue had "slow but positive start" and that the presence of international observers seems to be keeping things positive and focused on the fact that there is little room for failure. Reportedly the opening tone was "tough, playing to the international observers," with Vice President Garcia Linera repeatedly mentioning the August 10 recall referenda and the majority of support for President Evo Morales. Garcia Linera reportedly said, the government would "never forget the opposition's actions." The British note "real distance to be overcome" between the two sides. Working groups have been formed to discuss the autonomy/constitution issue and economic issues such as the return of IDH hydrocarbon tax revenues to the prefectures. President Morales has not signed the "pre-negotiation agreement" but reportedly may sign a separate agreement.

¶3. (C) The British tell us that so far there has been some

progress on the issue of the return of government property taken by opposition forces and that both sides have agreed to work toward a referendum on the constitution. The working group set up to look at the autonomy/constitution issue is headed by the new Minister of Rural Development and Agriculture Carlos Romero. Romero has previously worked with democracy NGOs on the issue of reconciling the autonomy statutes with the draft Movement Toward Socialism (MAS) constitution and is, in Townsend's opinion, "a surprisingly good choice" to head the working group. Overall, however, the British feel that both sides are distrustful and are currently "agreeing to disagree" in order to have a short respite of peace. Townsend said that the fact that they have made it this far without talks collapsing is encouraging, while noting that it has only been one day.

¶4. (C) While the British feel that "both sides realize there has to be an agreement, because there's no other option", they also note that the government is taking steps that could prove provocative to the opposition. Opposition Pando Prefect Leopoldo Fernandez is "almost certain to go to jail," and government officials have made public accusations of sedition and terrorism against the other prefects, as well. Although Townsend says that he is "personally more optimistic about these talks than any of the other attempts", he feels that it will be "very difficult."

¶5. (C) According to the British, the issue of armed MAS supporters currently surrounding the opposition city of Santa Cruz has not been formally tabled at the talks, although it has been mentioned. The British worry that both sides in Santa Cruz are arming: the one death so far (of a Santa Cruz Youth Union member) has not prompted violent reprisals so far, possibly because he was not shot (he was reportedly kicked to death.) The British feel that if shooting starts, however, Santa Cruz could easily explode into real violence, depending on the prevalence of weapons, which is still an unanswered question.

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Spanish Not Wanted
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¶6. (C) Spanish Charge Ricardo Loza told the Charge on September 18 that the Bolivian government had disinvited Spain from a role as an observer at the Cochabamba talks. The day before, Loza had received word that the EU would be invited to observe the talks in Cochabamba. He contacted his home office and asked if he should go and was told yes. He made arrangements and was ready to depart when late in the afternoon the French Charge called him up and said that the invitation to the EU only applied to the EU Troika. Loza called Hugo Fernandez at the Foreign Ministry and was told that the Troika was adequate representation for the EU. Despite Loza's attempts to be included, the Foreign Ministry was firm in not allowing Spanish participation.

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Foreshadowing Failure
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¶7. (C) Chairman of the Senate International Relations Committee Tito Hoz de Villa (opposition party PODEMOS) told Charge that the opposition feels the government wants the Cochabamba political negotiations to fail. Hoz de Villa said that Minister of Presidency Quintana had arranged the arrest of Fernandez in a deliberate attempt to sabotage the opposition prefects' will to negotiate, and that Morales' effort to push up the date of the talks in Cochabamba had the same purpose. Hoz de Villa noted that Senate President Ortiz is in Santa Cruz, presumably to coordinate with Ruben Costas. As other opposition contacts have reported, Hoz de Villa says the opposition doesn't believe that the government is genuinely interested in dialogue but wants the government to be the party that breaks off the talks.

¶8. (C) A Bolivian Navy contact told Emboff that he believes that the dialogue could unravel today. He claims Morales'

strategy is for the dialogue to break down when Morales is not present (today Morales is in Panama) so as to place the blame squarely on the opposition governors. If the talks were to end, the Bolivian government would have the opportunity to send in the MAS-affiliated social movements (campesinos, miners, cocaleros, and unionists) that the government has encouraged to encircle the city of Santa Cruz.

¶9. (C) The Brazilian Ambassador was unwilling to go into great detail over an unsecured phone line, but in a discussion with Emboff he characterized the talks as "so-so". He added that there seems to be a move on the part of the government to convince UNASUR not to talk with the opposition, clearly a negative development if UNASUR is to be seen as an impartial observer.

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Comment
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¶10. (C) Our contacts with the opposition and the government have consistently told us that they have little confidence in the current dialogue; each side is hoping that the other will be seen as "backing out." In such a situation, the presence of international observers will hopefully serve to prolong the process and delay another outbreak in violence. The chances of a truly successful solution through dialogue still seem slight, however, despite the participation of the international community. End comment.
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